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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

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12 December 2006

The United States Securities and Exchange Commission

**Exemption File 82-5204**

Division of Corporate Finance

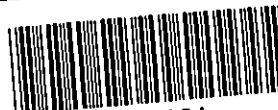
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450 5<sup>th</sup> Street

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Washington DC 20549

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SUPPL

Dear Sirs,

*new*  
GKN plc

▪ **Trading Statement**

For your information I enclose a copy of the above announcement which was released today.

Yours faithfully,

*S. Miles*

Sue Miles

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# Regulatory Announcement

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Free annual report



Company	GKN PLC
TIDM	GKN
Headline	Trading Statement
Released	07:00 12-Dec-06
Number	PRNUK-1112

**EXEMPTION NO.**  
**82 - 5204**

GKN plc Trading Update 12 December 2006

GKN plc today issues an update on progress in 2006 ahead of its financial year end on 31 December. The Group's Preliminary announcement of its 2006 Results will be on 27 February 2007.

Market conditions in the second half of the year have softened. Well publicised cuts in US automotive production have combined with lower demand in parts of Western Europe to reduce overall automotive volumes. North American OffHighway markets have also been somewhat weaker. Aerospace demand has, however, remained strong.

Raw material and energy costs have been slightly higher during the second half than had been forecast.

Notwithstanding the challenging conditions, at the end of November the Group's profit before tax\* was slightly ahead of last year, with the projected outcome for the year in line with current market expectations. Powder Metallurgy and Aerospace have continued to show improved performance, whilst Driveline's profits are somewhat lower than last year reflecting the more difficult third quarter trading conditions.

The acquisitions of Rockford and Stellex, which were announced at the beginning of August, were completed on 21 August and 14 September respectively and both have performed well during the period.

To optimise their timing, certain elements of the strategic restructuring programme will now fall in early 2007, giving a charge in 2006 some £30m lower than previously advised.

Looking ahead to 2007, the Group expects to achieve continued improvement in its operating performance.

\*Profit before tax, restructuring and impairment charges, profits and losses on sale of businesses and changes in the fair value of financial instruments.

For further information:

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Close